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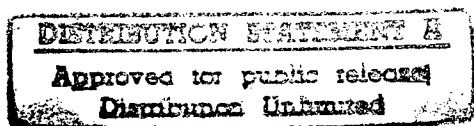
ECONOMIC AND MILITARY REPORT ON ALBANIA

(September-December 1959)

(20th in the series)

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ECONOMIC AND MILITARY REPORT ON ALBANIA

Source Coverage: September-December 1959

The present report is based on newspapers and periodicals published in Albania during the period September-December 1959.

The report consists of documented research items, which, depending upon their significance, are translated in full or in part, summarized or condensed, at all times reflecting the contextual meaning of the original. The statements within brackets are those of the researcher.

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I. AGRICULTURE

A. Organization of Agriculture

General Outlook, Agrarian Reform and Collectivization.
Before the liberation, general agricultural production was 12.8 million leks and general industrial production was 1.4 million leks. The specific weight of agriculture - which was very primitive - played a predominant role in the national economy and 85 percent of the inhabitants (880,000) lived in rural areas.

In 1938, only 0.8 percent of the agricultural work was done by machines - animal traction accounted for 99.2 percent. Agricultural production, which was very dependent on weather and atmospheric conditions, was "monocultural". Out of 221,000 hectares of cultivated land in 1938, 96 percent was sown to grain and only 4 percent to industrial plants, potatoes, vegetables, and fodder.

From 1930-1935, 73,000 families were landless - 52 percent of the peasantry. Land ownership before the Liberation was as follows :

	Families		Land		Average
	Number	%	Hectare	%	per Family
1) Latifundists [sic]	7	0.006	14,554	3.70	2,079
2) Rich landowners	4,713	3.034	91,113	23.16	19
3) State Farms	-	-	50,000	12.71	-
4) Medium and Small Landowners	128,961	83.080	237,668	60.43	1.8
5) Landless peasants	21,544	13.880	-	0.00	0
	155,225	100	393,355		

Under the people's rule, the agrarian reform gave land to the peasants : 8,714 "economies" were expropriated and

10,641 were partially expropriated. In addition, 172,659 hectares of land, 474,227 olive trees, and 5,923 heads of cattle owned by state or religious institutions were expropriated without indemnity and given to 70,000 peasant families.

Distribution was as follows :

	Number of Families	Hectares of land	Olive trees	Cattle (Heads)
1) Poor families	48,667			
2) Landless families	21,544	155,159	238,727	5,923
3) State sector	-	7,500	235,500	-
	70,211	172,659	474,227	5,923

Characteristic of the agrarian reform was the fact that land expropriation was carried out without indemnity to owners, and that land, which was granted free to farmers, could not be sold or leased.

In 1950, credit totalling 155 million leks was given to farmers. The agricultural sector was supplied with 300 tractors of 15 horsepower each, 10,000 tons of chemical fertilizers, and 7,000 tons of selected seeds.

In 1946, agricultural production exceeded prewar production by 13 percent, and in 1950 by 30 percent. In 1950, 41,500 more hectares of land than in 1938 was cultivated - an increase of 19 percent.

As a result of the agricultural development, bread grain production was as follows :

	<u>1938</u>	<u>1946</u>	<u>1950</u>
Corn	144	136	109
Wheat	39	7	85
Rye	3	5	8
Rice	1	2	3
	<u>187*</u>	<u>150*</u>	<u>205*</u>
*in thousand tons			

In 1938, there were 391,000 head of cattle, in 1950 - 419,000; there were 1,574,000 sheep in 1938 and 1,707,000 in 1950; 15,000 pigs in 1938, 47,000 in 1950; 43,000 bees in 1938, 71,000 in 1950. Nevertheless, the rapid development of industry required a parallel development of agriculture, which was still far behind. It was clear that agrarian reform could not satisfy the needs of our new agriculture. The distribution of land did not affect the foundation of economic production. Agriculture based on small individual private ownership was not the answer to the socialist industrial development of Albania. The slow pace of development in agriculture was not in concordance with the rapid industrial development.

The solution was collectivization of agriculture.

In 1950, the socialist sector in agriculture constituted 6 percent (3.5 percent in the state sector and 2.5 percent in the cooperative sector), while the private sector was 94 percent. There were only 90 agricultural cooperatives comprising 4,500 families, or 8 percent of the "economies".

The AWP (Albanian Workers' Party), following the pattern set by the Soviet Union and taking into consideration the conditions existing in Albania, ordered a big change. The only way to eliminate backwardness and create socialism in agriculture was to transform the small private "economies" into big collective farms, which the peasantry, convinced of the superiority of the collective system, then joined. The first seven cooperatives were created in 1947. Land and the means of production were collectively owned, all cooperative members did their work collectively, private interest was blended with the interest of the cooperatives and society as a whole. Membership was voluntary.

From 1950 to 1955, agricultural collectivization increased as follows :

	Number of 'Agricultur 'al Cooper- 'atives	Number of 'Families 'in Agric. 'Cooperat.	Percent- age	Areas of 'Cultivated 'land in ag 'ric.coops. (hectares)	Percent- age
1950	90	4,517	3.	20,236	5.55
1951	94	4,668	3.08	20,744	5.69
1952	103	5,824	3.80	24,277	6.74
1953	129	7,972	5.16	29,702	8.30
1954	150	8,902	5.71	33,898	9.62
1955	318	15,313	9.81	51,118	14.48

With cooperative organization of agriculture, output and the number of livestock increased. In 1958, the wheat yield was 12.9 quintals per hectare (from 9.8 in 1950), corn 16.59 (from 9.8), rice 25 (from 19.69), cotton 9.2 (from 4.29), vegetables 128.7 (from 94).

In 1955, the livestock situation was as follows : 17,400 head of cattle (as against 3,100 in 1950), 60,000 sheep (as against 10,500 in 1950), 5,000 pigs (as against 1,700 in 1950)

The 1955 Party Plenum set forth the directives for more rapid collectivization of agriculture. Within five months after the Plenum decisions, the number of collective farms had doubled.

The 3rd Party Congress, analyzing the results of collectivization, stressed the need for more rapid agricultural development and decided that by 1960 85 percent of the privately owned cultivated land should be collectivized.

From 1955 to 1 October 1959, collectivization of agriculture was as follows :

	Number of Agricultural Cooper- atives	Collecti- vized land (hectares)	Percent- age	Number of Collecti- vized Fa- milies	Percent- age
1955	318	50,118	14.48	15,313	9.84
1956	881	110,818	30.80	37,167	24.30
1957	1,698	213,360	58.10	74,764	46.40
1958	1,935	284,194	76.20	100,766	63.20
1959	1,843	310,679	81.50	112,106	69.60

Collectivization has been achieved in Lushnje, Vlore, Sarande, Gjirokaster, Tepelene, Permet, Kolonje, Skrapar, Gramsh, Tirana, Durres, and Kruje.

In 1958, the socialist sector contributed 64 percent of the general agricultural production, and in 1959, as a result of the expansion of collectivization, it played an even more important role.

The tasks now are : economic and organizational strengthening of cooperatives, rational exploitation of land, intensification of fruit and vegetable culture and of livestock production.

It is expected that in 1960, 451,000 hectares of land - two times more than in 1938 - will be cultivated to industrial plants, production of which should increase 46 percent over 1955 figures. Agricultural yield will be increased over 1955 figures as follows : 44 percent for wheat, 82 percent for corn, 153 percent for cotton, 128 percent for tobacco, 426 percent for sugar. (Ekonomia Popullore, No. 6, Nov-Dec 59, pp 65-77)

B. Production

General Agricultural Production. General volume of agricultural production (in million leks) was as follows :

	Y E A R S			
	1937	1949	1954	1957
	1938	1950	1955	1958
General Agricultural Production	12,826	15,279	20,950	20,713
Agriculture	6,798	9,274	14,309	13,254
Grains	4,154	5,033	7,474	6,257
Industrial Plants	251	738	1,845	2,161
Vegetables and Potatoes	575	1,190	1,955	1,242
Fodder	896	1,221	1,613	1,489
Fruit, production and saplings	919	1,002	1,186	1,868
Other	3	90	236	244
Livestock	6,028	6,005	6,641	7,459

New crops, particularly industrial plants, have improved the usage of cultivated land. The proportion of crops was as follows :

Year	Total culti- vated land	Grains		Indus. Plant		Veg. & Pot		Fodder	
		Hectare	%	Hectar	%	Hectar	%	Hect.	%
1938	221,030	213,300	96.4	2,930	1.3	3,200	1.7	100	0.4
1950	330,530	277,360	83.9	32,190	9.7	12,141	3.6	8,839	2.6
1955	374,782	350,152	81.3	38,586	10.2	15,058	4.0	15,986	4.2
1958	381,073	308,408	80.8	46,328	12.1	11,937	3.1	14,410	3.7

The year 1955 marked a radical turn in agricultural development : increased grain production, the cultivation of industrial plants, increased livestock raising, mechanization of agriculture, intensification of reclamation and irrigation. (*Ekonomia Popullore*, No. 6, Nov-Dec 50, pp 74-75)

Production Increases in 1958. During the fifteen years of

people's rule, general agricultural production rose 61.5 percent over 1938 and 72 percent more land was cultivated.

In 1958, which was not a good productive year, agricultural production increased as follows :

	1938	1958	Percentage Increase
	(in thousand tons)		
1) Bread Grains	185.4	272.7	147
2) Fodder Grains	16.3	23.8	146
3) Rice	0.6	4.9	767
4) Cotton	0.1	17.3	119
5) Tobacco	2.0	8.0	(times) 400
6) Sugar Beets	-	70.4	-
7) Potatoes	3.6	15.6	434
8) Vegetables	31.3	70.0	226

(Ekonomia Populllore, No. 6, Nov-Dec 59, pp 8-9)

General Production in 1959. During 1959, general agricultural production was 27 percent higher than in 1958. There were 38 percent more bread grains, 4 percent more cotton, 55 percent more tobacco, 81 percent more sugar, 15 percent more meat (live weight), 7 percent more milk.

It is expected that at the end of 1959, 31,000 hectares of new land will be open to agriculture. Mechanization has produced good results and the 1959 plan was fulfilled 135 percent, with a net increase of 44 percent over 1958.

State agricultural enterprises fulfilled the delivery plan 100 percent for bread grains, 118 percent for vegetables, 172 percent for fruits, 110 percent for milk, and 101 percent for meat.

In 1959, the collection plan for agricultural products

is expected to be fulfilled by 97 percent. (Bashkimi, 25 Dec 59, p 1)

Production from the Socialist Sector. The specific role of the socialist sector in agricultural production has continuously increased. In 1958, it produced 66 percent of all bread grains, 94.8 percent of the rice, 68.8 percent of the fodder grains, 91.7 percent of the cotton, 81 percent of the tobacco, 96.5 percent of the sugar beet, 73 percent of all vegetables and 66.7 percent of all potatoes. (Ekonomia Popollore, No.6, Nov-Dec 59, p 8)

State Farm Deliveries. The Party and government also strengthened state agricultural enterprises and SMT. Certain well-organized enterprises using advanced technical methods, were set forth as examples to be followed by collective and private farmers.

From 13 state enterprises existing in 1945, the number grew to 22 in 1958, and cultivated area from 3,000 hectares to 48,000 hectares (including reclaimed swampland).

The state agricultural enterprises delivered agricultural and dairy products as follows :

	in 1950	in 1958
	(quintals)	
Grain	10,000	79,000
Cotton	1,600	10,000
Vegetables	35,000	106,400
Olives	9,700	27,600
Fruits	14,000	10,600
Meat	3,000	28,000
Milk	29,000	58,000
Eggs (by piece)	45,000	951,000

State enterprises had better cultivation yields than private farms and cooperative ones, thus demonstrating the superiority of socialist economy. (Ekonomia Popullore, No. 6, Nov-Dec 59, pp 71-72)

Collective Farm Production. In 1953, 156 farm families in the village of Lapardha formed a cooperative, cultivated 400 hectares of land, and raised 300 bulls. At the beginning, the land yielded an average of 6 quintals per hectare; today it yields 18 quintals. The cooperative now has 122 cows, 500 sheep, 37 pigs, and a reserve fund of 45 million leks. Cooperative members receive 3.5 kilograms of grain and 135 leks per day of work. A family of five working members receives 32 quintals of grain and 200,000 leks annually. All the families have plenty of food, clothing, furniture, as well as electric lights. They have built new houses, and 48 families have radios. (Miqesija, No. 11, Nov 59, pp 8-9)

C. Livestock Raising.

1959 Livestock Increase. In 1959, livestock has increased 8 percent as compared with 1938, cows 14 percent, sheep 6 percent, goats 17 percent, pigs 197 percent, poultry 38 percent, and bees 63 percent. (Ekonomia Popullore, No. 6, Nov-Dec 59, p 9)

Pig Raising. A new pig farm was created by 36 cooperatives of the Rreth of Peshkopi. In 1965, the farm will produce 3,200 tons of pig meat. (Zeri i Popullit, 8 Dec 59, p 2)

Livestock Raising Goals for 1965. The 1958 Party Plenum has set forth the 1965 goals : for every 100 hectares of land, 15.5 head of cattle must be raised (10.1 in 1958) and 9.6 pigs (5.3 in 1958). Sheep must total 2,100,000 head (1,661,940 in 1958). Meat production is to be 23.4 kilograms per capita (12 kilograms in 1957) and milk 207.3 kilograms per capita (95 kilograms in 1957). (Ekonomia Popullore, No. 6, Nov-Dec 59, p 75)

D. Pisciculture.

Experimental Fish Center. A four-hectare artificial lake

was created in the zone of Vurg with water from the Kata brook, to serve as an experimental center for breeding 20,000 young fish of various species, which later will be distributed throughout the country. The species are the big Amur, the small Amur, the white "koketrashe", the "spotted koketrashe", and carp. They were imported from China. A laboratory and a warehouse are under construction on the shore of the lake. (Bashkimi, 15 Dec 59, p 1)

E. Forestry.

Variety of Trees in Albanian Forests. There are more than 200 varieties of trees and bushes in Albanian forests. The most common tree is the beech, which grows on the hills at an altitude of 800 to 2,000 meters. There are beech forests in Vermosh, Fush e Zeze, Bize-Martanesh, Stravaj, Bishnice, Shpat-Verce, etc. Beech lumber is valuable and is used in plywood production.

Another variety is pine, in particular black pine, found at Fushe-Ares, Shemri, Lure, Martanesh, Kolonje, etc. at an altitude of 600 to 1,600 meters, even in poor land. Pine lumber, used mainly in construction and furniture, contains resins used in light industry and the food industry.

Another variety of tree common in Albanian woods is oak. It grows in hilly zones at 1,000 to 1,200 meters of altitude. There are 10 or 12 oak varieties. The big logs are used in construction and the small ones as fuel.

Fir is found at Drenove, Logara, etc. up to 1,600 meters of altitude. It is used in construction and furniture.

The chestnut grows in the forests of Tropoje, Puke, Shemri (Kukes), Kashnjet (Lezhe), Shupal (Tirana), and Zervaske (Pogradec) and is used in industry, construction and furniture. (Zeri i Rinise, 5 Dec 59, p 3)

Resolution of the Party's Central Committee. The Party's CC, during its plenary session held 2-3 November 1959, analyzed and approved a report on forestry presented by Hysni KAPO, member of the Politburo and secretary of the CC. It deals with measures to be taken for the development of forestry, and the rational exploitation and economic use of lumber.

Good forests are rare in Albania. Scrub and degraded woods are common. A big achievement was the fulfillment of the First Five-Year Forest Plan in four years.

Forest exploitation is not rational. Economic enterprises have not tried to substitute less expensive materials for lumber and wood is still used extensively as fuel throughout the country. The Ministry of Agriculture and the existing standing committees have not taken the necessary measures to protect the forests, which are used as pasture grounds. Since tree branches and leaves have been used as fodder, the woods have deteriorated and land erosion is also extensive.

Ineffective forest administration by the various organs has hampered the control and organization of forest protection. Forest development has also been slow.

In order to speed forest development and eliminate shortcomings deriving from the present exploitation, the CC passed a resolution containing the following directives :

1.- Work in degraded woods, in scrub plantations, and woods where grazing is prohibited must be improved and organized. During the Fourth Five-Year Plan, improvement work must be carried on and by 1975 must encompass 120,000 hectares of forest. On 45,000 hectares, improvement work must be undertaken by farmers.

2.- Reforestation must be improved. During the Third Five-Year Plan, 20,000 hectares of land must be planted to trees, and in 1975 reforested land must attain 60,000 hectares, on 50 percent of which the work will be done by farmers.

Reforestation by state forest enterprises must be carried out in coastal areas, stream beds, depleted areas, etc. Arable land or land suitable for fruit culture must not be planted.

Small woods must be planted by agricultural cooperatives and used by members. Land set aside for reforestation must be unfit for agricultural cultivation. During 1960, standing committees, in cooperation with state forest enterprises, must determine in advance the places to be planted. These forests will remain the property of the cooperatives and must not be included in state-owned woods.

The Council of Ministers must exempt these forests from taxes or obligations. Their exploitation, as well as that of all other forests, must follow established technical rules and regulations.

3.- 2,100 million leks will be invested in reforestation, improvement, and anti-erosion measures, 40 percent of which must be contributed by farmers.

4.- During the Third Five-Year plan and after, reforestation must be done with rapid-growing tree varieties, trees which are suitable to the place and valuable, such as industrial trees and scrub (laurel, walnut, chestnut, acorn, lime, etc....)

During the Third Five-Year Plan, the following reforestations must be carried out by rreths and state forest enterprises :

		Varieties in %						State Forest enterprises
		New fo- rests (total hect.) 1961- 1965	Lau- rel 'nut'	Che- st 'nut'	Wal- nut 'lea'	Oth- er 'fy'	Pi- ne 'var- ties'	
1	Shkoder	800	-	25	6	19	50	Shkoder NSHP
2	Lezhe	650	-	16	7	46	31	
3	Rreshen	200	-	25	25	25	25	
4	Puke	600	-	18	8	8	66	
5	Kukes	250	-	20	20	40	20	
6	Tropoje	200	-	75	25	-	-	
7	Tirana	600	25	17	-	42	16	Tirana NSHP
8	Durres	800	37	-	-	38	25	
9	Kruj	400	-	38	12	50	25	
10	Burrel	400	-	13	12	50	25	
11	Peshkopi	400	-	25	25	25	25	
12	Elbasan	1,000	10	15	5	20	50	Elbasan NSHP
13	Gramsh	400	-	25	12	25	38	
14	Librazhd	600	-	50	16	17	17	
15	Berat	1,250	4	12	4	64	16	Berat NSHP
16	Lushnje	900	-	-	-	69	31	
17	Skrapar	300	-	34	16	33	17	
18	Korde	1,900	-	5	5	22	68	Korce NSHP

		New fo- rests	Varieties %						
		(total hects.	Lau	Che	Wal	Oth	Pi-		
		1961-	rel	st	nut	er	'ne		
		1965	'nut		'lea	'va		State Forest enterprises	
					'fy	'rie			
					'var	'ties			
					'iet				
19	Pogradec	900	-	45	5	16	34		
20	Erseke	500	-	20	10	10	60		
21	Vlore	1,500	43	-	-	30	27	Vlore NSHP	
22	Fier	1,500	13	-	-	53	34		
23	Gjirokaster	1,400	-	10	3	30	57	Gjirokaster NS	
24	Permet	400	-	25	12	38	25	(HP	
25	Sarande	1,500	34	13	3	23	27		
26	Tepelene	600	8	17	8	33	34		
	TOTAL	20,000	10	15	6	32	37		

(Per Bujqesine Socialiste, No. 12, Dec 5, pp 3-9)

Editorial on the Decisions on Forestry Taken by the Party CC. Forests cover 47 percent of Albania. Before the Liberation, they were exploited irrationally, and nothing was done to protect or develop them. The result was that there are high trees in only 29.3 percent of the forest area and low trees and brushwood in 70.7 percent.

After the liberation, measures were taken to improve the forests, all of which were nationalized. The old Ottoman administrative code was abolished and a new forest law enacted.

During the 15 years of people's rule, 17,000 hectares of land were planted and 57,000 hectares of forests improved.

The need for lumber in construction has increased.

In 1950, mills processed 223,000 cubic meters of wood; in 1959, 470,000 cubic meters, and in 1960, it is expected that 665,000 cubic meters will be processed.

Timber is cut in zones representing only one-third of the Albanian forests. Two-thirds remain untouched because of the

lack of roads. Moreover, cutting, especially in forests administered by rreths or in collective forests, is done without any technical control. National, local, and collective woods are administered by different bodies, and grazing is allowed without limit or plan.

After a detailed analysis of the existing situation, the CC took appropriate measures that will eliminate existing shortcomings and allow full development of the forests. The Plenum also decided to build 400 kilometers of forest roads, in order to exploit new forests with high yield.

The CC also decided that during the Third Five-Year Plan conservation must be improved in no fewer than 40,000 hectares of degraded woods (on 15,000 hectares of which the work must be done by farmers). Forestry personnel, sawmill workers, and peasants must be mobilized to carry out the plan. Party organs must exercise a tight control, put an end to existing waste in forest exploitation, and help establish a forest administration that will protect the forests. (Per Bujqesine Socialiste, No. 12, Dec 59, pp 1-2)

F. Land Amelioration Activity.

Irrigating Canals and Irrigated Land. Before the Liberation, only 29,000 hectares of land were irrigated - 13.2 percent of the cultivated land. Arable land was subject to drought in summer and floods in winter. The farmer was never safe. Crop yield depended on weather conditions.

Land amelioration activities began after the Liberation. Parallel to the reclamation work, the government built the Naum Panxhi irrigation canal (Elbasan valley), the Penkove canal (Vlore), and many others. Their number has grown from year to year.

The Myzeqe Canal, with its network of irrigating canals, is supplied by the Devolli River. It distributes water to the drained land of Terbufi and irrigates 7,000 hectares of land.

The Levan-Fier Canal is a real river. It irrigates over 5,000 hectares of high-yield land, such as the plain of Fier, where cotton, corn, and vegetables are grown. The Peqin-Kavaje Canal waters 6,400 hectares of land and the

Rec and Postriba canals irrigate most of the lands where tobacco is cultivated. The state has spent over 1,350 million leks for the construction of these canals, and the participation of farmers has been evaluated at 16 percent of expenses. Farmers have also dug smaller canals.

There are 106,000 hectares of irrigated land, 27.8 percent of the cultivated land. At the end of 1960, there will be 135,000 hectares of irrigated land, or 8 percent more than the area forecast by the 3rd Party Congress. The irrigating system is good, and harmful flooding has been replaced by canal irrigation.

During the November 1959 CC Plenum, land amelioration activity was analyzed. the CC set forth a series of tasks to be carried out by agricultural workers to produce better crops, and a program was drafted to increase irrigated land and improve irrigating techniques. (Per Bujqesine Socialiste, No. 12, Dec 59, p 2)

1960 Investments and Water Reservoir Constructions. During 1959, 11,932,000 cubic meters of earth was dug and moved with 91 percent of the work done by machinery. The Party has decided that in 1960 the Canalization and Reclamation Enterprise will be given 1,153 million leks - 6 times more than in 1956. It is also expected to perform 6 times as much work.

In 1960, two big water reservoirs will be built - the Mur-rizi Reservoir (63,000,000 cubic meters) and the Parini Reservoir (9,000,000 cubic meters). This mass of water would fill a lake covering 24 square kilometers with a depth of 5 meters, and could irrigate 33,000 hectares of farming land.

The work will be accomplished with the assistance of Bulgarian, Rumanian, and Soviet technicians, which will save millions of leks. The Burdvazhil technique of earth embankment construction has saved 75 million leks. In the construction of the Murrizi Dam, a suggestion made by Soviet engineer Nikita N.N. [sic] - to substitute gravel for stones in drainage embankment - saved 25 million leks on that single dam alone. The technical advice of Soviet engineers in the construction of prefabricated bridges has saved millions of leks and speeded construction. A bridge that would have required 30 to 40 days is built within 24 hours. (Miqesija, No. 12, Dec 59, pp 6-7)

Statistics on Reclaimed, Irrigated, and Improved Land.
Before the Liberation, swamps covered 160,000 hectares of land, and only 29,000 hectares could be irrigated.

During the people's rule, reclamation, improvement and irrigation works have been made as follows :

Reclamation of	Reclaimed, improved and irrigated land		
	Hectares of Reclaimed land	Hectares of Improved land	Irrigation in Hectares
		<u>Work performed</u>	
1.- Maliq	4,000	6,000	2,500
2.- Kavaje Field	500	6,000	6,400
3.- Rushkull	1,000	-	-
4.- Borsh Field	115	65	160
5.- Murzi Field	800	1,000	1,200
6.- Zadrine Field	1,201	5,000	5,000
7.- Jube Drainage Canal	-	1,700	-
		<u>Work under way</u>	
1.- Great Myzeqe	8,500	23,000	24,000
2.- Roskovec	1,800	7,000	7,200
3.- Vurg	1,450	3,600	3,170
4.- Thumane	3,700	8,370	9,225

In the near future, all swamp land will be drained, including the Durres, Karavaste and Hoxhare swamps.

In 1938, only 13 percent of the cultivated land was irrigated; in 1958 irrigated land was 27 percent. Virgin land has been opened to cultivation and better conditions now exist in

Albania. The yield is bigger. After irrigation work in Myzeqe, the land yields 3 more quintals of wheat per hectare, 4.7 more quintals of corn, and 4.9 more quintals of cotton. (Ekonomia Popullore, No. 6, Nov-Dec 59, pp 73-74)

G. SMT's /Stacione Macina Traktore, Machine Tractor Stations/

Mechanization of Agriculture. The SMT have mechanized agriculture, increased agricultural production and labor productivity, and reduced production costs. The first four SMT's in Albania were created in 1947.

Their activity from 1947 to the end of 1958 was as follows :

	1947	1950	1955	1958
Number of SMT's	4	11	21	21
Tractors (15-horsepower)	60	248	927	2,108
Autocombines and combines	-	-	20	74
Volume of Work performed (in cultivated units)	7,100	51,000	217,000	774,816
Unit of work performed (by each tractor)	90	207	234	364

During 1947-1949, the SMT's worked for agricultural co-operatives, state enterprises, and private farms damaged by the war.

During 1950-1955, their main task was to help, first, agricultural cooperatives and private farms which raised industrial plants. It was during this same period that the SMT technical cadres were trained. The SMT's strengthened the co-operatives by mechanizing agricultural work.

From 1955 on, the task of the SMT's was to expand mechanical cultivation and mechanize various work processes. As a result, from ten types of work they did when first established,

they now do 70 types of work (ploughing, rolling, harvesting, mechanized sheep-shearing, etc....). In 1958, over 70 percent of their work was performed for agricultural cooperatives. (Ekonomia Populllore, No. 6, Nov-Dec 59, pp 72-73)

SMT Activity in 1959. Directors, agronomists and SMT engineers met at the Ministry of Agriculture on 12 December 1959 to present the report for 1959. According to the report, mechanization in agriculture was used on a large scale, and four new SMT's were created during the year. The SMT of Mamurras was the only one which did not fulfill its plan 100 percent. However, although good results were attained, the SMT's in Shkoder, Delvine, Shijak, and Kavaje did not fulfill their duties in time.

Further mechanization and improvement in the quality of agricultural work performed is needed. On the average, the DT-24 wheel tractor cultivated 65 hectares more in 1959 than in 1958, the BTZ tractor 44 hectares, the Hoffer 34 hectares, and the HTZ-7 47 hectares. Taking as a basis 100 hectares in 1950, during 1958 each cotton-sowing machine cultivated 73 hectares more and each corn-sowing machine 75 hectares more. This indicates that machine work is improving from year to year. (Bashkimi, 13 Dec 59, pp 1-2)

Tractor Repairs. During 1959, the number of repairs has decreased and machines were better maintained, but there are still many flaws in the technical services performed by the SMT's. Work cost reduction and better control of expenses (fuel, lubricants, spare parts) are needed. One million hectares were cultivated during 1959, and it is planned that in 1960 the area to be cultivated will be 1,080,000 hectares. Under the Second Five-Year Plan, agricultural work in general should be 84 percent mechanized, spring and autumn sowing 52 percent mechanized, harvesting 26 percent, and threshing 75 percent mechanized.

In 1959, 93,000 hectares were cultivated at a depth of 21-30 centimeters. In 1960, 16,000 hectares will be cultivated at 35 centimeters and deeper, and the area to be cultivated will be one and half times bigger. In general, the 1960 plan is 31 percent higher than that for 1959. (Bashkimi, 31 Dec 59, p 2)

SMT Activity in 1960. In 1960, 84 percent of the land will be cultivated by machine, and 50 percent of the spring and autumn sowing, 26 percent of the harvesting, 75 percent of the threshing, and 35 percent of the hoeing will be done by machine. (Puna, 15 Dec 59, p 1)

II. MANUFACTURING INDUSTRIES.

A. Industrial Production.

General Industrial Production. Before the Liberation, industrial production accounted for only 9.8 percent of general industrial and agricultural production. In 1944, many branches of industry were producing less than half their 1938 production. Six industrial enterprises were nationalized in 1944 and 15 enterprises in 1947.

In 1946, industry produced 85 percent more than in 1938 (56 percent in the state sector and 29 percent in the cooperative sector).

During 1947-1948, industry was reconstructed, organized on the basis of hozrashot, and centralized in big industrial units (olive oil, textile, knitted goods, cigarettes, presses, etc...). The agreement with Yugoslavia, however, hampered industrialization. The 1st Party Congress met in 1948 and decided to eliminate technical and economic backwardness (inherited from past regimes), industrialize the country on a socialist basis, increase exports, and strengthen the working class and the country's defense.

Under the Two-Year Plan (1949-1950), industrial investments reached 47 percent of the total investments (20 percent in mines). In 1950, general industrial production was 414 percent over 1938. The private sector was reduced from 15 percent (in 1946) to 2.8 percent. Agricultural production rose 30 percent over 1938.

At the end of the First Five-Year Plan, general industrial production attained 15,900 million leks (11.5 times more than in 1938). In 1955, production figures were 7 times over 1938 figures for oil, 17 times for chromium ore, 10 times for electric power, 14.6 times for construction mate-

rials, 29 times for lumber, 10.6 times for light industry, and 11.4 times for the food industry.

The general production increase was as follows :

	1946	1950	1955	1958
General Industrial Production	152	414	1,146	1,878
<u>Industries</u> : Electric Power	80	203	1,003	1,762
Fuel	134	397	717	1,780
Chromium Ore	-	746	1,744	2,916
Construction Material	84	355	1,462	1,091
Wood	73	642	2,920	4,716
Light Industry	32	139	1,058	1,972
Food Industry	258	571	1,143	1,653

The industrial production increase per capita was as follows :

		1938	1958
1) Electric Power	Kwh	8.9	95.8
2) Crude Oil	Kg.	103.9	267.6
3) Coal	"	3.5	169.7
4) Chromium Ore	"	6.7	133.6
5) Copper Ore	"	-	58.1
6) Cement	"	8.7	51.5
7) Bricks	Pieces	3.3	50.4
8) Sawn Lumber	dcm ³	3.0	97.5
9) Cotton Textiles	lm	0.3	14.8
10) Shoes, Sandals	Pairs	0.2	0.5
11) Macaroni	Kg.	0.4	3.2
12) Sugar	"	-	6.8
13) Soap	"	1.2	2.2
14) Cigarettes	"	0.3	1.4

The increase of general industrial production in the Socialist sector was as follows :

	1938	1946	1950	1955	1958
I. General Industrial Production	100.	100.	100.	100.	100.
Group A (Means of Production)	43.8	47.4	45.4	40.7	42.6
Group B. (Consumer Goods)	56.2	52.6	54.6	59.3	57.4
II. General Industrial Production	100.	164.	414.	1,146	1,878
Group A	100.	165.	430.	1,066	1,829
Group B	100.	142.	402.	1,209	1,916

During the First Five-Year Plan, consumer goods production increased more rapidly than the means of production, but industrialization requires an increase of the means of production over the production of goods.

During the Second Five-Year Plan, Group A is expected to rise 148 percent, Group B 107 percent. Out of 12,980 million leks invested by the Ministry of Industry and Mines during the First Five-Year-Plan, 6,597 million leks - 51 percent of total amount - were invested in mining and the oil industry. Out of 22,902 million leks invested during 1951-1958, 12,189 million leks (53 percent) were invested in mining and the oil industry.

In 1957, the structure of national income (in percentages and based on 1956 prices) was as follows :

	<u>1938</u>	<u>1957</u>
Industry	4.5	32.3
Agriculture and Forests	92.4	50.7
Construction	-	6.7
Transportation	-	2.0
Trade	3.1	7.3
Other Branches	-	1.1
National Income	100.0	100.0

Structure of Industry. /Taking advantage of the high degree of industrialization existing in the Soviet Union and other communist countries, Albania has concentrated her own efforts on the development of light industry, food, and agriculture. Increase of consumer goods production resulted in a decrease in their importation./

Albania developed the branches of heavy industry that were economically sound and that were feasible under existing conditions : oil, chromium, copper, electric power, and mechanical and construction materials. The oil and mining industries are the cornerstone of Albania's industry. This is the reason why most of the investments were made in mines, oil, and geology.

The structure of industry in 1958 was as follows :

	In Million Leks	In %
General Industrial Production	26,047.6	100.00
1) Electric Industry	924.5	3.55
2) Fuel Industry	2,004.4	7.70
3) Chromium Ore Industry	306.2	1.18
4) Copper Ore Industry	268.2	1.03
5) Bitumen Industry	137.9	0.53
6) Iron Ore Industry	76.8	0.29
7) Metal Processing Industry	707.1	2.71
8) Chemical Industry	146.6	0.56

	In Million Leks	In %
9) Construction Materials Industry	637.7	2.45
10) Glass and Porcelain Industry	166.3	0.64
11) Lumber Processing Industry	2,365.1	9.08
12) Light Industry	7,847.6	30.13
13) Food Industry	10,046.0	38.57
14) Other Industries	413.2	1.59

Taking into consideration existing conditions, the policy followed by the Party was right. Human potential and financial resources have been used in a rational way. The process of building Albanian industry is not an isolated process. It is an integrated part of the wide process of building socialism in all countries.

Domestic capital would not be sufficient for the creation and development of Albanian industry. Consequently, Albania needed the assistance of the Soviet Union, not only in the form of capital goods and equipment, but also in the form of credit and technical assistance. (Ekonomia Popullore, No. 6, Nov-Dec 59, pp 52-64)

Condition of Economy during 1938. In 1938, general industrial production - half of which was produced by craftsmen - was 9.8 percent of national production. There were 15,000 workers in factories and mines, and all specialists were foreigners. In 1938, 92.4 percent of the total national income was from agriculture; 40 percent of the arable area was owned by 3 percent of population, and 45 percent of the peasantry had little or no land. Peasants contributed 60-70 percent of the state income through levies or taxes.

During World War II, 7.3 percent of population was killed or disabled, 21 percent of the houses were destroyed or burned, one-third of the cattle destroyed. The economy was paralyzed.

Condition of Industry under the People's Rule. In 1955, general industrial production was 2.8 times larger than in 1938. The Two-Year Plan and the First and Second Five-Year Plans were largely directed at the industrialization of Al-

bania. During the First Five-Year Plan, 25,302 million leks (at the 1958 price level) were invested, and 49,070 million leks during the Second Five-Year Plan.

The Party and Government, while developing industry in particular and the economy in general, took into account the size of the country (1,500,000 inhabitants in 1958) and did not plan to create a heavy industry, or all branches of industry. They concentrated instead only on certain branches of industry, such as mining, oil, coal, electric power, lumber, construction materials, and light industry. Plans drafted aimed at building an industry capable of supplying the people's economy.

In 1958, general industrial production was 18.8 times more than in 1938. It represented 55.7 of total industrial and agricultural production. In 1959, industry could produce in 16 days the same amount of goods that were produced during the whole year of 1938. In 1958 (as compared with 1938), industry produced 16 times more electric power, 3.7 times more crude oil, 1.9 times more natural bitumen, 69.4 times more coal, 28.8 times more chromium ore, 46 times more sawn lumber, 8.6 times more cement, 62 times more cotton textiles, 3.4 times more footwear, etc.

During the First Five-Year Plan, the average annual industrial growth was 22.5 percent, and during the Second Five-Year Plan it was 16.7 percent. In 1958, industrial production was 4.5 times higher than in 1950. (Ekonomia Popullore, No. 6, Nov-Dec 59, pp 3-12)

III. CONSUMER GOODS AND FOOD INDUSTRIES.

DOMESTIC TRADE

A. Food

Tirana Food Combine under Construction. Work is in progress at the Tirana Food Combine, which includes a brewery, a macaroni factory, a liquor distillery, a soft drinks plant, and a pasteurizing plant. The combine will be ready for production in 1960.

The brewery will be ready by May 1960. It will have an annual productive capacity of 68,000 hectoliters, and will produce five varieties of beer. It is one of the most modern plants in Albania - all production processes are mechanized, from malt preparation to bottle cleaning, filling, and packaging. Assembly-line work is performed automatically and no hand work is involved. The Tirana plant will use two beer-cooling machines with a processing capacity of 100 hectoliters per hour. A day's work performed by these two machines would require a month at the brewery in Korce.

In contrast to the primitive work processes in existing liquor factories, work processes in the Tirana plant will be mechanized. Its annual production capacity will be 15,000 hectoliters. The soft drinks plant will have an annual production capacity of 15,000 hectoliters.

Blueprints and machinery for the Food Combine came from the Soviet Union. It is one of a series of factories being built in Albania with the technical assistance of Soviet specialists. (Miqesia, No. 12, Dec 59, p 7)

The Tirana Food Combine will comprise eleven plants. A large bakery is also under construction close by. The Combine buildings are almost finished, and technicians are installing the heavy machinery. (Zeri i Popullit, 10 Dec 59, p 3)

Construction of Tirana Meat Combine Begins. Construction work on the Meat Combine has started in Tirana. This is the third combine that has been built in Tirana during the people's rule, the two others being the Stalin Textile Combine and the Food Combine. The Meat Combine plans were drawn in Hungary. Its annual slaughtering capacity will be 9,000 tons of meat and its processing capacity 1,500 tons. The Combine will also supply Tirana and Durres with fresh meat.

The main building will have three floors and will comprise the slaughtering section (including poultry), salami processing section (with an annual capacity of 600 tons of 50 various types), salting and smoking center (with an annual capacity of 300 tons), and fat melting and packaging sections.

The Combine will have one annex for extraction of albumins for industrial use and another annex for processing

liver extract for the pharmaceutical industry. A refrigerator unit with a capacity of 350 tons will preserve meat and other fresh food products. The Combine will also have a laboratory for analysis.

All processes at the Combine are to be mechanized, from slaughtering to skinning, preserving, and canning.

The Combine will also process meat by-products. For instance, a special fodder for livestock will be produced from blood and bones. (Zeri i Popullit, 10 Dec 59, p 1)

Machinery that will be installed at the Meat Combine was manufactured at the "Georgji Dezh" [sic] and "4 April" factories in Hungary. (Bashkimi, 10 Dec 59, p 3)

Fruit and Vegetable Preserve Plant in Berat. Work is in progress on a fruit and vegetable preserve plant in the village of Dushnik, near the industrial zone of Berat. Modern machinery imported from the Soviet Union is being installed. The plant, which will be ready for production in 1960, will turn out jams, marmalade, and fruit and vegetable preserves. (Bashkimi, 3 Dec 59, p 1)

Starch Factory under Construction. A starch factory, the first of its kind, is under construction at Shijak. The main building will have four floors. In January 1960, workers will start installing machinery imported from Bulgaria. (Bashkimi, 11 Dec 59, p 1)

B. Cigarettes.

New Cigarette Factory in Gjirokaster. Construction work on the cigarette factory in the northern part of Gjirokaster has been completed - a fitting celebration of the 15th anniversary of Liberation. The building has three floors and 17 floor sections divided into areas for machinery, tobacco processing, packaging, production, offices, and recreation facilities. Its capacity is greater than that of the existing cigarette factory. It has been forecast that the new factory will fulfill its 1959 production plan, and workers have promised to exceed the plan by producing 3 million leks of cigarettes. (Zeri i Popullit, 8 Dec 59, p 1)

C. Silk and Knitted Goods.

Silk. The clothing cooperative of Shkoder has imported new machinery from East Germany to process silk and part-silk goods. The machinery is now being installed. (Zeri i Popullit, 27 Dec 59, p 3)

Knitted Goods Factory in Korce. In 1960, construction work will start on one spinning mill and one dyeing plant at the "Hammer and Sickle" [in the original, "Sickle and Hammer"] Knitted Goods Factory in Korce.

More than 2,000 persons will work in the combine. New modern machinery for sewing, ironing, starching, and making socks will be added at the existing factory. Quality will be improved. Technical and professional courses for the training of cadres have been organized, and workers will be sent to other People's Democracies to be trained as specialists. (Bashkimi, 22 Dec 59, p 1)

IV. SERVICE INDUSTRIES.

Electrification.

Electrification of Rural Areas Factor for Cultural Development. [Petro DODE, deputy president of the State Planning Commission, in this article analyzes the importance of the electrification of rural areas and its influence in changing the standard of living.]

Fifty percent of the rural areas are supplied with electric power from a high-tension power network of 6-35 kilowatts, and some 36 percent can be supplied through local small hydroelectric power plants. Hydroelectric turbines can be produced at the "Enver" Mechanical Works in Tirana at a lesser cost than the imported ones. (Zeri i Popullit, 23 Dec 59, p 3)

[For news of construction, see III. CONSUMER GOODS AND FOOD INDUSTRIES, DOMESTIC TRADE, above.]

V. STATE FINANCE

A. State Income.

National and Local Budgets. During the 15 years of people's authority, a new centralized socialist finance system has prevailed in Albania. The state budget constitutes the core of economic plan and state activities. The budgetary system is adapted to the structure of the state; it is centralized and includes the national budget, social security expenditures, and local budgets (People's Council budgets).

In compliance with the Constitution, and the Budget Law, every administrative unit of the state has its own budget. Local budgets secure the financial means for exploration of local resources.

In 1959, local revenue covered only 22 percent of the People's Council expenditures. The remaining 78 percent was covered by the state budget.

The budgets of rreths and localities must be approved by the People's Councils and higher authorities [state agencies], whereas the state budget is approved by the People's Assembly.

State Budget. The state budget reflects the economic policy of Party and government, controls capitalistic elements, and secures the economic development and the welfare of the people. In socialist systems, deficits are unknown, because it has been planned so. The system is based on socialist production.

The state budget has risen as follows:

	(in million leks)			
	1945	1950	1955	1959 (Plan)
Income	1,233	8,478	12,794	27,720
Expenditures	1,233	6,470	10,873	26,900

Accumulations made by the national economy and credits granted by the Soviet Union and other socialist countries are the main sources of budgeted income. Levies and taxes contribute only a small part.

[After a lengthy analysis of the budgetary and fiscal situation during Zog's regime and the Italian occupation, the author continues :]

After the Liberation, plants, mines, forests, water bodies, means of communication, and foreign and domestic wholesale trade were nationalized; a State Bank was created and a new fiscal system established, changing the structure of the financial system.

In 1947, state economic agencies, following Soviet patterns, were organized on the basis of "hozrashot".

State Bank. The State Bank, which began operations on January 1945, has different functions from the defunct National Bank. The Bank is in charge of issuing banknotes, granting credits, and controlling investments and construction. It also serves as central clearing house between state and economic institutions, and between economic organizations themselves. It constitutes the central accounting agency.

In July 1945, the state checked monetary inflation. A stabilized, reformed, and surcharged banknote was established, based on gold, socialist production and the retail prices of consumer goods.

In 1949, the savings bank organization was created to accumulate monetary means for economic and cultural uses.

State Finance, Plan and Production. State finance secured the performance of the First Five-Year Plan. As a result, national income rose 70 percent, and agriculture was established on a socialist basis.

During the Second Five-Year Plan, state finance proved that it is possible to accelerate socialist process. Thus, on February 1958, the Plenum of the Party CC revised and expanded the plan. The 1960 plan for industrial production was set forth at 124 percent over 1955. The Party decided that 73 percent of the expanded production must come from an in-

crease in labor productivity.

In 1950, industrial production constituted 27.5 percent of general industrial and agricultural production; in 1955, 43.5 percent, and in 1960, it is expected to be 50 percent. The Third Five-Year Plan is expected to open new wide perspectives [sic] in the economy.

State Budget Income. Socialist accumulation of general production constitutes the source of social production and is used for budgetary purposes. The state budget proceeds from the income and expenditures of the annual state financial plan.

In 1949, following the Soviet pattern, the system of state income was reorganized. New methods in establishing levies on turnover and determining profit reduction and surplus profit were introduced. The state income system is based on the forms of ownership, the hozrashot, the production system, the method of goods turnover, and price planning.

The new state income system contributes to production increase, quality improvement, and increased variety of products.

Budgetary income proceeds from profits and from cost reduction, and depends on hozrashot strength. The state income system must provide - steadily and in time - the funds to be invested in the country's economy. Part of the income from production covers production expenses. The profit from production constitutes a source for state income through various levies on production in the private sector, both rural and urban. The financial profit from an enterprise is shared by the enterprise and the state. Part of it is kept in reserve by the enterprise for future investment and turnover funds. The remaining part goes to the budget as surplus profit. Such a system provides the funds needed in the enterprises and allows a state control.

The state requires that economic organizations must fulfill their production and turnover programs at determined prices, continuously reduce production cost and increase labor productivity. Under this system, interests of state and enterprise are combined.

State Budget Income from Socialist and Private Sectors.
State budgetary income from the socialist sector and levies was as follows :

	19 50		19 55		1959 (Plan)	
	Milli on Leks	In %	In mil lion leks	In %	In mil lion leks	In %
Budgetary Income	8,478	100.	12,794	100.	27,720	100.
1) Socialist Sector Income	2,619	30.9	9,171	71.7	23,794	85.8
a) Levies on Cir- culation	1,946	22.9	6,293	49.2	11,545	41.6
b) Surplus Profit	285	3.4	1,232	9.6	2,960	10.7
2) Levies on Popula- tion	972	11.5	1,042	8.1	795	2.9
Private Agriculture	668	7.9	513	4.0	200	0.7

It is obvious that income from the socialist sector in-
creases from year to year.

State income from private agriculture and the socialist
sector of agriculture was as follows :

	19 50		19 55		1959 (Plan)	
	In mil lion leks	In %	In mil lion leks	In %	In mil lion leks	In %
Income from Cooper- ative & Private Ag- riculture :	668	100.	536	100.	425	100.
a) Cooperative sector	-	-	23	4.3	225	52.9
b) Private sector	668	100.	513	95.7	200	47.1

NOTE: State budgetary income from the cooperative agricultural sector is given under socialist sector here, not under income from population above.

Tariff levies on the income of agricultural cooperatives are favorable to them. The average levy on cooperative income is 6.4 percent of taxable income, while on private "economy" income it is 7.7 percent, on the average. New cooperatives are tax-free for a year, and new reclaimed land for three to ten years.

State Income from Private Sector. Levies on the population have decreased each year and constitute only a small percentage of the budget.

Party and government taxation policy on agricultural "economies" has been as follows :

During 1945-1947	:	Income	up to 5,000 Alb. Frs.	3%
		"	20,001-40,000 "	11%
		"	over 200,000 "	33%
During 1947-1953	:	"	up to 10,000 leks:	non-taxable
		"	40,001-50,000 "	2,700-4,400 leks tax
		"	90,001-100,000 "	15,600-19,900 leks tax
		"	over 150,000 "	47,400 leks tax
		"	up to 20,000 "	non-taxable
During 1953 to date	:	"	40,001- 50,000 "	2,100- 3,600 leks tax
		"	90,001-100,000 "	13,900-17,800 leks tax
		"	over 150,000 "	43,000 leks tax
		"	up to 20,000 "	non-taxable

Foreign Credits. Foreign credits constitute an important part of the state income and are granted in the form of industrial machinery. The specific weight of foreign credit in the state budget has decreased, in 1955 it was 11.4 percent, but in the 1959 plan it was 6.9 percent.

B. Expenditures.

Investments and Expenditures. In Albania, investments are needed in all branches of industry, agriculture, transportation and communications, geological surveys, forestry, trade, and in the communal sector.

Investments constitute the heaviest expenditure in the state budget and continue to grow. The increase of expenditures and investments and their specific weight in relation to general expenditures was as follows :

(in m i l l i o n l e k s)						
	1950	%	1955	%	1959 (Plan)	%
State Budget Expenditures	6,470	100.	10,873	100.	26,900	100.
Investments in National Economy	2,254	34.8	4,627	42.6	14,076	52.3

Investments in the national economy have contributed to the growth of industry. In 1958, the general volume of industrial production was 18.8 times more than in 1938, and general agricultural production was 125 percent over 1938.

Parallel to the continuous growth of volume of industrial and agricultural production has been the increased circulation of consumer goods in socialist trade. In 1958, the turnover of socialist trade represented 19,863 million leks, whereas in 1938 trade was 3,900 million leks.

In 1959, investments in the national economy are expected to reach 15,893 million leks, of which the state budget will contribute 14,076 million leks, or 88.6 percent.

Structure of Expenditures. According to their economic structure, expenditures for national economy comprise :

- 1.- expenditures for expansion of the means of production in state enterprises and new enterprises;

2.- expenditures for increase of turnover and their completion;

3.- expenditures for SMT's;

4.- expenditures for geological surveys and research;

5.- expenditures for agriculture, livestock raising, and the communal economy.

During the first period after the Liberation, investments were used first to reconstruct bridges, roads, and electric power stations destroyed during the war. During the First Five-Year Plan, the state invested 19,897 million leks. The Second Five-Year Plan directed the trend toward increased industrialization. It was under this Plan that the "Karl Marx" Hydroelectric Plant, the "Kurbnesh" Copper Plant, the food combine and brewery in Tirana, etc... were built.

Large funds were used to finance the development of the oil industry, the expansion of exploratory drilling, and the exploitation of oil resources.

Under the Second Five-Year Plan, 7,500 million leks will be invested in agriculture (as against 2,700 million leks that were invested during the First Five-Year Plan). Part of these funds are being used for mechanization of agriculture and land amelioration and reclamation in Myzeqe, Vurg, Thumane, Roskovec, etc.

In the fields of transportation and communications, budgetary expenditures are allotted for motor vehicle transportation, construction of new roads, asphaltting of existing roads, and the creation of a merchant marine.

In the communal sector (towns, industrial and mining centers), the budget has financed 25 percent of the total housing facilities. During the First Five-Year Plan, 2,260 million leks were invested in housing and during the four years of the Second Five-Year Plan 2,851 million leks were invested here.

In 1955, 210 million leks were used for geological work and research; in 1957, 333 million leks; in 1958, 533 million leks, and in 1959, 598 million leks (Plan).

Expenditures for Administration. The Party and government have decided that the administrative apparatus must be simplified and must reduce expenses. The continuous reduction in amounts allotted to this sector by the state budget indicates this trend. For instance, in 1956 the specific weight of expenditures for administration was 4.2 percent of the general budget; in 1957, 3.8 percent, and in 1958, 2.8 percent.

Expenditures for Social Security. Workers and employees are insured against sickness and temporary disability. The social security fund is formed by contributions made by enterprises and state organizations. These contributions compose the social security budget fund. Since 1952, this fund has, as general amount, been part of the state budget /until 1 January 1959/.

In 1950, 128 million leks were spent for social security benefits, 237 million leks in 1955, and 697 million leks for 1959 (Plan). The social security system also includes the pension fund. In 1950, 12 million leks were spent for pensions, 45 million leks in 1955, and 280 million leks in 1959 (Plan).

On 1 January 1959, a new pension law was enacted. According to this law, the Albanian Professional Unions /trade unions/ are in charge of administering workers' and employees' pension fund.

Conclusion. State financial organs control the whole economy (production, turnover of goods, construction, finances, accumulation of funds, etc.) through the lek. By analyzing the balances of enterprises, the organs of state finance (in cooperation with the State Bank) can check any shortcoming. Control through the lek will secure savings in production, turnover and administration. (Aleks VERLI, Minister of Finance, Ekonomia Popullore, No. 6, Nov-Dec 59, pp 35-51)

VI. PLAN FULFILLMENT.

A. Industry.

The 1956-1959 industrial production plan was fulfilled 100 percent according to the expanded plan, and 7 percent more than the plan set forth by the Party Congress. The general value of industrial production was 95,900 million leks.

The 1959 industrial production plan is expected to be fulfilled 101 percent, or 100 percent as compared with the expanded plan. The industrial production plan was fulfilled 92 percent in the oil industry, 99 percent in coal extraction, 103 percent in chromium ore extraction, 112 percent in copper ore, 106 percent in electric power, 100 percent in mechanical industry, 105 percent in the construction materials industry, 104 percent in the lumber industry, 101 percent in light industry, 92 percent in the food industry, 103 percent in local industries, 104 percent in handicraft cooperatives, 101 percent in consumers' cooperatives, 96 percent in collection enterprises, and 103 in other state sectors of industrial production.

In 1959 as compared with 1955, labor productivity in industry was fulfilled 114 percent, industrial cost production was reduced by 19.4 percent, instead of the 17 percent set forth by the expanded plan.

According to the goal set forth for the end of the Second Five-Year Plan by the 3rd Party Congress, the general volume of industrial production should be 30,627 million leks. In fact, this task was fulfilled - and exceeded - in 1959, a year ahead of schedule. The volume of industrial production in 1959 reached 30,965 million leks, one percent over the Plan.

Criticisms. Industrial production is low in quality, a fact which causes the state huge losses. It is time to make radical changes : better products and more goods.

B. Agriculture.

During 1956-1959, the general volume of agricultural production was 90 billion leks. The agricultural production

plan was not fulfilled as compared to the goal set forth by the 3rd Party Congress, but agriculture nevertheless has progressed. In 1959, the general volume of agricultural production was 26 percent higher than in 1955, production of bread grains was 22 percent higher, meat 32 percent, milk 15 percent, tobacco 73 percent, cotton 47 percent, etc... In general, agricultural enterprises and SMT's are economically stronger.

Criticisms. Hampering the fulfillment of the agricultural plan were : the weak organizations of cooperatives, the disregard for cooperative by-laws, bad accounting systems, wrong application of socialist principles in labor compensation, irrational use of manpower and SMT implements, and "objective" weather conditions. [For fulfillment of the plan, see "F. Local Agricultural Plan", below.]

C. Investments.

General Investment Plan. During 1956-1959, the investment plan was fulfilled 37 percent above the goals set forth by the 3rd Party Congress and met 97 percent of the goals set forth by the February 1958 Party Plenum. The volume for the four years was fulfilled in the amount of 35,700 million leks.

Construction. The 1956-1959 construction plan was fulfilled in the amount of 17,500 million leks, or 29 percent more than the goal set forth by the 3rd Party Congress and 4 percent more than the goal set forth by the February 1958 Party Plenum.

Criticisms. Shortcomings in construction were : the low quality of construction work, the irrational use of machinery, errors in estimating construction costs, the dispersion of construction labor force at too many projects in the same zone.

D. Transportation.

During 1956-1959, the transportation plan for goods and passengers was fulfilled and exceeded. Motor vehicle trans-

portation of goods was fulfilled 105 percent, as compared with the expanded plan, railway transportation by 110 percent and maritime transportation by 88 percent.

The general volume of goods transported was 114 percent of the goal set forth by the 3rd Party Congress and 100 percent of the goal set forth by the February 1958 Party Plenum.

Criticisms. The transportation sector is still weak, motor vehicles are not kept in good condition, and trailers are not always used.

E. Budget.

The 1956-1959 state budget plan financed the normal economic plan and accorded with economic measures taken by the Party and government, such as price reduction, abolition of the ration system, the increase of wages and pensions, the price increase for compulsory deliveries, and the removal of certain agricultural products from the compulsory category.

During the four year period, budgetary income was 85,785 million leks, or 101 percent of the plan; budgetary expenditures were 79,728 million leks, or 96 percent of the plan.

In 1959, income from the socialist sector was 84 percent of the general income, whereas in 1956 it was 72 percent. The national budget was characterized by the continuous reduction of the specific weight of tax income. In 1956, taxes accounted for 6.7 percent of the total budgetary income, but in 1959 for only 3 percent.

Criticisms. There are still weak points, such as the tendency to plan inflated expenditures, as well as reduced income and weak financial control and discipline.

Conclusion. The additions to the Second Five-Year Plan made by the February 1958 Party Plenum have been justified and the results obtained during the four years constitute solid ground for the fulfillment of the last year of the Second Five-Year Plan. (Zeri i Popullit, 24 Dec 59, p 1)

F. Local Agricultural Plan.

At the end of November 1959, the agricultural plan for the rreths was fulfilled as follows :

(Fulfillment of Annual Plan in Percentages)						
	Rreths	Total Bread Grains	SMT Obliga- tions	Agricul- tural State Enter- prises	Mill- ing Fees	Sur- plus
1	Berat	72.	94.	73.	98.	40.
2	Durres	81.	82.	100.	86.	58.
3	Elbasan	71.	86.	87.	92.	43.
4	Erseke	44.	76.	-	100.	26.
5	Fier	80.	86.	63.	85.	80.
6	Gramsh	54.	94.	-	106.	30.
7	Gjirokaster	77.	84.	70.	90.	68.
8	Korce	85.	94.	110.	94.	60.
9	Kruje	22.	41.	1.	81.	9.
10	Kukes	69.	72.	-	94.	51.
11	Lezhe	35.	53.	-	88.	14.
12	Libraxhd	48.	67.	-	78.	28.
13	Lushnje	73.	98.	49.	84.	65.
14	Mat	42.	67.	-	80.	14.
15	Mirdite	98.	100.	-	110.	83.
16	Peshkopi	46.	75.	-	92.	28.
17	Permet	95.	100.	-	91.	88.
18	Pogradec	61.	100.	-	101.	23.
19	Puke	62.	72.	-	-	20.
20	Sarande	48.	81.	27.	80.	40.
21	Skrapar	70.	100.	-	94.	13.
22	Shkoder	55.	61.	85.	87.	41.
23	Tepelene	74.	100.	-	97.	61.
24	Tirana	71.	64.	353.	70.	50.
25	Tropoje	66.	66.	-	102.	63.
26	Vlore	72.	93.	62.	102.	39.
Nation as a whole		66.1	80.	65.2	88.	45.

VII. THE 1960 PLAN

A. The 1960 General Plan.

The CC of the Albanian Workers' Party, meeting in a plenary session on 22 and 23 December 1959, set forth the following goals for 1960 :

a) Industry. The general volume of industrial production will be 34,214 million leks, or 11 percent more than in 1959.

b) Agriculture. The general volume of agricultural production will be 35,100 million leks, or 33 percent more than in 1959. This figure is 11 percent higher than the 1960 goal set forth by the 3rd Party Congress.

The CC decided to improve agricultural technique, exploiting in full SMT power and agricultural machinery.

During 1960, the areas of cultivation will be increased by 11 percent to a total of 503,500 hectares: 5.3 million fruit saplings will be planted (not including 813,000 olive trees, 112,000 citrus trees, 6.5 million grape-arbors, and 5,700 hectares of vineyards).

The CC stressed that the agricultural plan was big but that objective conditions for its fulfillment exist.

c) Investments. In 1960, the general volume of investments will be 12,440 million leks, or 2 percent more than in 1959 and 1,243 million leks more than the investments set forth by the February Party Plenum (80.2 percent to the productive sector and 19.8 percent to the non-productive sector).

The general volume of construction investments will be 5,864 million leks, or 286 million leks more than the amount set forth by the February Party Plenum (68.7 percent will be allotted to the productive sector and 31.3 percent to the non-productive sector).

During 1960, 150 important projects will be constructed or reconstructed. Scheduled are : reconstruction of the Cerrik oil refinery, the cement plant in Vlore, the sugar factory; construction of hydroelectric plants in Bistrice

and Shkopet, of the brewery in the Food Combine in Tirana, a furniture factory in Elbasan, refrigeration plants in Tirana, Korce, Delvine, and Durres, a meat combine in Tirana; drainage of swamp land in Myzeqe, Vurg, Thumane, and Roskovec; reconstruction of the pier at Durres; asphaltting of Milot-Klos and Fier-Ura Vajgurore roads; construction of a spinning mill in Korce, a coal briquetting factory in Tirana, a nail and screw factory, grape and fruit processing plants in Elbasan, Shkoder, Berat, Bilsht, and Pogradec, a bakery in Tirana, etc.

d) Transportation. During 1960, the general volume of goods transported will total 10,275,000 tons, or 6 percent more than in 1959, and 348 million ton-kilometers, or 18 percent more than in 1959. This is 2,350,000 tons and 67 million ton-kilometers more than the figures set forth by the February Party Plenum.

In order to fulfill this plan, the Ministry of Communications [Transportation] must organize better motor vehicles repair shops, use more trailers, and introduce better loading and unloading systems. (Zeri i Popullit, 24 Dec 59, p 1)

3. The 1960 Industrial Plan.

During 1960, the general volume of industrial production will be increased 11 percent over 1959. Means of production will be increased 12 percent, production of consumer goods 10 percent, the combined industrial and agricultural production 21 percent, and in general the specific weight of industrial production will be 49.4 percent.

The industrial production increase in 1960 (compared with 1959) will be as follows : oil industry 18 percent, chromium ore extraction 17 percent, iron-nickel ore extraction 47 percent, electric power industry 17 percent, mechanical industry 18 percent, timber and lumber industry 4 percent, food industry 15 percent.

For 1960, the plan forecasts the following increases in production (over 1959) : crude oil 40 percent, gasoline [benzine] 14 percent, chromium ore 17 percent, iron-nickel ore 47 percent, blister copper 55 percent, electric power 15 percent, cement 35 percent, bricks 27 percent, glass products 22 percent, furniture 19 percent, cotton goods 2 per-

cent, knitted goods 37 percent, shoes 5 percent, sugar 38 percent, olive oil 74 percent, fish 33 percent, dried fish 70 percent, cigarettes 40 percent, butter 121 percent, cheese 22 percent, etc.

The 1960 industrial production for enterprises of the Ministry of Industry and Mines will be 14 percent higher than in 1959. (Bashkimi, 25 Dec 59, p 3)

C. The 1960 Transportation Plan.

During 1960, the volume of the three types of transportation will be increased as follows over 1959 : motor vehicle transportation (national level) 18 percent, transportation enterprises (Ministry of Communications) 12 percent, railway 22 percent (goods), domestic maritime transportation 6 percent. International maritime transportation will be doubled.

Labor productivity in the enterprises of the Ministry of Communications will be increased : 7 percent for motor vehicle enterprises, 6 percent for the railway and 66 percent for maritime enterprises. Transportation costs will be reduced 6.5 percent. (Bashkimi, 25 Dec 59, p 3)

D. The 1960 Agricultural Plan.

Agricultural production will increase in general and in particular more bread grains, industrial plants, and dairy products will be produced. Collective farms will be strengthened.

During 1960, general agricultural production will be 33 percent higher than the 1959 expected production. Cultivated areas will be increased 11 percent over 1959. No fewer than 33,800 hectares of new reclaimed land will be opened to agriculture and forestry. The area on which tobacco is grown will be 10 percent higher than in 1959, for sugar beet it will be 5 percent higher. Tobacco production will be 21 percent, sugar beet production 12 percent, and cotton production 42 percent higher than in 1959.

The number of cattle will rise 12 percent, sheep 4.3 percent, pigs 39 percent and poultry 27.9 percent over 1959.

A total of 5.3 million fruit saplings will be planted, of which 813,000 will be olive trees, and 112,000 will be citrus fruit. 6.5 million grapevines will also be planted.

The volume of mechanized work will be increased 2 percent in the SMT's, and 6 percent in state agricultural enterprises, with the cost reduced by 2 percent in the SMT's.

During 1960, agricultural enterprises will deliver to the state 32 percent more bread grains than in 1959, 23 percent more milk, 14 percent more meat, 67 percent more wool, and 18 percent more eggs. Costs will be reduced by 7.6 percent.

The 1960 collection plan will be 35 percent higher than the 1959 plan : 35 percent over 1959 for bread grains, 42 percent for celtic rice, 67 percent for beans, 47 percent for cotton, 24 percent for tobacco, 13 percent for beets, 26 percent for olives, 51 percent for milk, 24 percent for meat, 40 percent for wool, and 40 percent for eggs.

Objective possibilities make fulfillment of the 1960 plan feasible. The great reserves existing in our economy, together with the fact that agriculture is socialized, will help us attain the goal. (Bashkimi, 25 Dec 59, p 3)

E. Welfare in 1960.

In 1960, the economic and cultural welfare of the people will be improved as a result of the rise in industrial and agricultural production. National income will rise 18 percent, and will be 73 percent higher than in 1955. (Zeri i Popullit, 24 Dec 59, p 1)

In 1960, national income will be 73 percent higher than in 1955, instead of 53 percent as set forth by the 3rd Party Congress.

Per capita real income for farmers will be 40 percent higher and real wages 35 percent higher than in 1955.

Compared with 1959, goods turnover will be increased by 12 percent. In 1960, the population will receive (through socialist trade) : 27 percent more sugar, 15 percent more fats, 49 percent more meat, 13 percent more rice, 9 percent more beans, 52 percent more cheese, 60 percent more milk, 53 percent more potatoes and vegetables, 49 percent more

beer, 27 percent more soap, 10 percent more woolen textiles, 24 percent more footwear, 24 percent more lumber (sawed and seasoned), 40 percent more cement, 17 percent more nails, and 64 percent more bricks. (Bashkimi, 25 Dec 59, p 3)

F. The 1960 Construction Plan.

The 1960 plan calls for improved housing. Investments in construction will be increased 106 percent, and constructions will increase 65 percent over the figures set forth by the 3rd Party Congress.

The proportion of construction investments in 1960 will be as follows : 24.2 percent in industry and mines, 23.2 percent in agriculture, 15.3 percent in communal economy, 11.3 percent in communications, 8.1 percent in the cultural and social sectors.

In 1960, 224,000 square meters of housing will be built, or 4 percent more than in 1959.

It is foreseen that in 1960, the work yield in construction enterprises of the Ministry of Construction will be 10 percent higher than in 1959, and costs will be 14.3 percent lower.

G. Reclamation, Irrigation.

Drainage of swampland will be undertaken in 1960. The following amount of money will be spent for land reclamation : 340 million leks in Myzeqe, 170 million leks in Thumane, 180 million leks in Vurk, 200 million leks in Roskovec, and 100 million leks in Maliq. (Bashkimi, 26 Dec 59, p 4).

VIII. THE 1960 BUDGET.

A. State Budget

On 25 December 1959, the People's Assembly approved the 1960 state budget as follows :

Income :	27,600,000,000 leks
Expenditures :	<u>25,540,000,000 leks</u>
Surplus :	1,060,000,000 leks <u>[sic]</u> <u>2,060,000,000 leks</u>

The total amount of income from the socialist sector, enterprises, and cooperative organizations was set forth at 24,109,212,000 leks.

The total amount of expenditures in industry, transportation, the communal economy, and other branches of the people's economy will be 15,861,831,000 leks, not including expenditures covered by enterprise resources.

The total amount of expenditures allotted to social and cultural activities, kindergardens, general education, higher education, labor reserve schools, libraries, theaters, hospitals, sanatoria, physical culture, and pension funds will be 6,364,272,000 leks; 749,865,000 leks were allocated for state administration.

The 1960 National Budget of the Republic will be :

Income :	26,530,000,000 leks
Expenditures :	<u>25,470,000,000 leks</u>
Surplus :	1,060,000,000 leks

B. Local Budget.

The 1960 local budget of the rreths' People Councils will be 4,720,000,000 leks, distributed to each rreth as follows :

(in million leks)

Berat	241.7
Durrës	431.1
Elbasan	236.8
Erseke	70.3
Fier	242.9
Gramsh	48.3
Gjirokaster	187.3
Korçe	340.2
Krujë	77.7

Kukes	96.6
Lezhe	94.3
Librazhd	63.3
Lushnje	163.9
Mat	82.4
Mirdite	45.7
Permet	80.3
Peshkopi	132.0
Pogradec	110.9
Puke	42.3
Sarande	165.5
Skrapar	53.2
Shkoder	344.9
Tepelene	58.3
Tirana (town)	874.6
Tirana (rreth)	69.0
Tropoje	57.0
Vlore	304.4
Total amount	4,720.0 [sic] [4,714.9]

(Bashkimi, 26 Dec 59, p 1)

C. Expenditures.

The planned expenditures for the 1960 budget will be as follows (in million leks) :

1.- People's Economy Financing	12,483
2.- Education and Culture	2,814
3.- Health and Physical Culture	1,719
4.- Social Security, Social Welfare, Child Assistance	1,831
5.- National Defense	2,100
6.- State Administration	750
Total	26,540 [sic] [21,697]

The projected state budget for 1960 presented for approval to the People's Assembly was as follows :

Income :	27,540,000,000 leks
Expenditures :	26,540,000,000 leks
Surplus :	1,000,000,000 leks

[See section A. State Budget, above.]

The 1960 projected budget plan will be as follows (In million leks) :

1.- Income from the Socialist Sector	24,049
Levies on Circulation of Goods	11,631
Surplus Profits	3,475
Levies on Income (from Cooperative Sector)	400
2.- Income from Credit	1,400
3.- Levies and Taxes (on the Population)	761

(Zeri i Popullit, 25 Dec 59, p 2)

IX. GOVERNMENT ACTIVITIES.

A. Administration.

Creation of a New Ministry. The Presidium of the People's Assembly enacted a law changing the Ministry of Industry and Mines into Ministry of Industry, and creating the Ministry of Mines and Geology. This law becomes effective on 1 January 1960 (Law No. 3023, dated 25 December 1959.). (Gazeta Zyrtare, No. 10, 31 Dec 59, p 404)

Compulsory Olive Deliveries. A new law enacted by the government specifies that collective farms, private farmers, and religious institutions must deliver to the state 75 percent of their olive crops. State agricultural enterprises must deliver the entire crop, keeping only quantities needed for seeding purposes. Cooperative members are exempt from delivery obligations for olive crops raised in their private gardens. (Gazeta Zyrtare, No. 7, 1 Oct 59, pp 311-315)

New Decree on Common Pastures. The Council of Ministers enacted a decree ordering that common pastures [mushate] till now under the administration of People's Councils, must in the future be administered by cooperatives in those rural areas where 80 percent of the private farms have been socialized. Where this percentage has not been attained,

the administration of common pastures remains in the hands of the People's Councils. (First Paragraph.)

Agricultural cooperatives do not make any payment to the state when they take over the administration of common pastures. (Second Paragraph.)

Common pastures can be used by herds owned by cooperatives, cooperative members, and private farmers. (Third Paragraph.) (Gazeta Zyrtare, No. 7, 1 Oct 59, pp 306-307)

State Bank Control on Payment Funds. The Council of Ministers enacted a decree ordering that the State Bank must control all the funds of construction and production enterprises reserved to reward workers and employees who exceed the plan. The corrective coefficient [Koeficienti Korigjues] used in such cases is determined by the enterprise, in cooperation with the State Bank, and must be approved every year for each enterprise individually by the Council of Ministers. (Gazeta Zyrtare, No. 7, 1 Oct 59, pp 303-305)

3. Planning.

Planning Organizations, Plans, and Planning Methodology. Organization of enterprises based on the hozrashot combines centralized state leadership with the economic independence of each enterprise.

On 13 January 1945, leadership of the Anti-Fascist National Liberation Council created the Economic Council, the functions of which were the drafting of the country's economic plan for a determined time.

The Council, on which every Ministry was represented, had a technical and drafting section called the Plan Commission. The Plan Commission was in charge of drawing plans up for each Ministry. Plans were presented to the Council, which in turn presented them to the Council of Ministers for approval. The Plan Commission later became the Commission for Economic Reconstruction, which later served in organizing the planned economy and in drafting a unique plan.

On 19 August 1946, the Presidium of the People's Assembly enacted a Law No. 283 dealing with the general economic state plan and planning organization. This law created the State

Plan Commission, the functions of which were the drafting of a general and unique economic plan. The same law created planning organs for each Ministry and central organ, and a Directory of Statistics as an organ of the Plan Commission. The creation of this Commission marked the beginning of a real planned economy.

The first plan was drafted in 1947. It was a Nine-Month Plan (April-December 1947). Its function was limited and it dealt mainly with production of coal, bitumen, and oil. Investments were planned at 1,539 million leks, of which 401 million leks were allotted for the development of industry and mines. The 1947 Plan could not include all economic activities because of the planners' limited experience.

The 1948 Plan was drafted under difficult political conditions [worsened relations with Yugoslavia] but was more complete than the 1947 Plan. Its goal was a 287 percent increase in mining over 1938.

The Two_year Plan (1949=1950) was a well studied and more complete plan than the two preceding it. New industries were added, such as textile, food, leather, footwear, tires, electric power, construction materials, lumber, etc. Investments were bigger. Industry constituted the core of the economy and was allotted the biggest investments. The results of the plan were an increase in industrial production (39.5 percent over 1938) and in agriculture (30 percent over 1938).

The First Five-Year Plan was a success in planning. The working masses were called to collaborate, 41,000 persons participated in discussions, 6,000 various suggestions were made to the planners. The Plan dealt with quality, work yield, production costs, work norms, etc.

The Second Five-Year Plan mobilized all internal reserves and marked a further step toward collectivization of agriculture, but its main goal still remained development of industry. The leading principle was priority for production of the means of production [Group A]. The Plan tried to correct the disproportion between industrial production and agriculture, but complete elimination of this disproportion was left to future plans.

During the 15 years of people's rule, planning has been constantly improved and planning methodology has changed. The excessive centralization in industry was recently cor-

rected.

A centralization of transportation, trade, education, and health also existed to a lesser degree, and this, too, was harmful to the economy. Since 1955, new directives for a new planning methodology have been issued by the Party and Government. On April 1956, an improved and simplified planning methodology was approved by the Party and the Council of Ministers. Planning methodology was recently revised, resulting in a more complete, concrete, simple methodology.

Nevertheless, there still are practical shortcomings and the plans do not establish a unified balance of the country's economy. The transition from individual balances of various branches of economy to a unified balance must be achieved in the future. The application of statistical norms in planning is not yet complete, and accounting methods in capital investments are not satisfactory.

Planning theory needs more study and its scientific level must be raised. (Ekonomia Popullore, No. 6, Nov-Dec 59, pp 86-96)

C. Welfare.

a. Wages.

Real Wages of Workers, Employees and Farmers. Real wages of workers and employees in 1958 were 43 percent higher than in 1950, and in 1959 they will be 54 percent higher [than in 1950]. The April 1959 price reduction on consumer goods corresponded to an increase of 8,4 percent in real wages.

In 1958, the per capita real income of farmers was 39 percent higher than in 1950, and in 1959 it is expected to be 60 percent higher. (Ekonomia Popullore, No. 6, Nov-Dec 59, pp 24-26)

At the end of 1959, real wages of workers are expected to be 29 percent higher than in 1955. This corresponds to the increase level set forth by the Party Plenum of February 1958. (Zeri i Popullit, 24 Dec 59, p 1)

b. Income.

National Income Increase. In 1955, national income was 3 times higher than in 1938 and in 1958 it was 3.5 times higher. And it was twice as high as in 1950. It is expected that at the end of 1959, it will be 29 percent higher than in 1958.

During the First Five-Year Plan, the average annual increase of national income was 11.3 percent. One percent of national income then represented 190 million leks.

At the end of the Second Five-Year Plan, national income will have increased 73 percent over 1955. The average annual increase will be 11.6 percent, with one percent of the national income corresponding to 320 million leks.

Income from the Socialist Sector. In 1955, the specific share of income from the socialist sector was 51.6 percent of the total national income, in 1958, 82.2 percent, and at the end of 1959, it is expected to be 92.6 percent. It has been planned that at the end of 1960, income from the socialist sector will be 94.4 percent of the total national income. Three-fourths of the national income is spent to satisfy the individual and social needs of population, while one-fourth is reserved for economic expansion, the accumulation of social capital and other needs. (Ekonomia Po-Pullore, No. 6, Nov-Dec 59, pp 23-24)

c. Prices.

Price Reduction. Price reduction means an increase of real wages. Between 1956 and 1959, the prices of consumer goods were reduced five times, resulting in the saving of 6,300 million leks (at January 1956 prices).

On 29 April 1956, the price of bread was 52 leks a kilogram, on 29 April 1959, its price was reduced to 20 leks (a 61.5 percent reduction), macaroni was reduced from 78 leks to 44 leks (44 percent), sugar from 230 leks to 100 leks (56.5 percent), calico from 176 leks [a linear meter] to 115 leks (34 percent), flannel from 260 leks to 152 leks (41.5 percent), window glass from 290 leks (a square meter) to 146 leks (50 percent). The April 1959 price reduction was an important step toward the improvement of people's welfare,

and the population gained 1,515 million leks. From the price reduction on foodstuffs only, the population gained 1,285 million leks - 85 percent of the total price reduction.

The retail price reduction of foodstuffs in socialist trade has brought a price reduction in trade in the rural areas. The price reduction in non-organized rural trade will save the population 70 million leks annually (not including communal services, electric power, water, drugs, etc.). The price of bread was reduced 20 percent and flours 18.5 and 21.8 percent. The prices of fats, olive oil, butter and sugar were also reduced, electric power was reduced 15 percent, and the reduction of the prices of drugs resulted in the gain of 24 million leks.

From the April 1959 price reduction, a peasant family of five gained more than 1,100 leks monthly (not including grain purchased in the rural market). Farmers paid less for fuel, rope, twine, nails, window glass, machinery and electrical equipment, gasoline, crude oil, etc.

Increase in Compulsory Delivery Prices. Farmers gained by the increase in compulsory delivery prices. The price of wheat rose from 7.5 leks a kilogram to 15 leks, corn from 6 leks to 13 leks, meat from 15 leks to 45 leks (liveweight), wool from 50 leks to 100 leks. The compulsory delivery of products from the pborres [private plots of cooperative members] was abolished. Compulsory delivery of beans, rice, and eggs was also abolished, and new reclaimed land was made tax-free for four years. (Ekonomia Popullore, No. 6, Nov-Dec 59, pp 24-26)

d. Standard of Living.

Circulation of Goods. In 1958, the turnover of goods in state and cooperative trade was three times higher than in 1950, and in 1960 it is expected to be 77 percent higher than in 1955.

In 1958, the distribution [sic] of goods in socialist trade was increased per capita as follows, in comparison to 1950 : sugar 88 percent, cotton goods 138 percent, woolens 191 percent, footwear 168 percent, fats (in towns) 64 percent, beans and rice 51 percent, cheese and cottage cheese 167 percent. (Ekonomia Popullore, No. 6, Nov-Dec 59, p 25)

Consumer Purchasing Power. The continuous growth of real income and the systematic retail price reduction have increased consumer purchasing power. In 1959, consumer purchasing power is expected to be 17 percent higher than in 1958.

State and cooperative trade are the forms through which the people are supplied with consumer goods.

Per capita sales in socialist trade increased as follows :

<u>Average (National)</u>	1950	1955	1959	1960
Sugar, kilogram per capita	3.21	5.12	7.24	8.31
Soap, " " "	0.95	1.54	2.30	2.49
Cotton Textiles, linear meters per capita	5.00	8.58	11.62	12.35
Wool Textiles, linear meters per capita	0.23	0.46	0.63	0.67
Shoes & Sandals, pairs per capita	0.32	0.75	1.20	1.40
<u>Average (town)</u>				
Fats, kilograms per capita	5.85	9.51	13.84	14.00
Beans and Rice. kg. per capita	10.28	13.45	18.35	20.44
Milk, Liters, per capita	8.86	13.32	39.58	48.54
Meat, Fish, kg. per capita	17.85	19.21	25.62	28.94

The increase in purchasing power has brought about a change in the type of goods demanded by the population. Today, there is great demand for articles that before were in limited demand, such as radios, furniture, knitted goods, cultural articles [probably books and newspapers], jewelry, etc....
(Ekonomia Popullore, No. 6, Nov-Dec 59, pp 26-27)

Consumer Purchasing Power in 1959. During 1959, consumer purchasing power in socialist trade as compared with 1958 was as follows : bread 29 percent higher, flour 23 percent, fats 27 percent, fish 80 percent, cheese and cottage cheese 33 percent, milk 39 percent, sugar 4 percent, beer 12 percent, cotton goods 7 percent, bricks and tiles 54 percent, nails 33 percent, soap 19 percent, cigarettes and tobacco 5 percent. (Bashkimi, 25 Dec 59, p 1)

e. Social Security.

Social Security Expenses Increase. Social security coverage is widened every year. In 1958, the number of people covered by social security was 229.3 percent higher than in 1948, and social security expenses were 12.4 times higher.

In 1959, it is expected that 800 million leks will be spent in social security benefits, not including free medical assistance to workers and their families.

In 1958, the People's Assembly enacted a new social security law that improves the social security system. (Ekonomia Popullore, No. 6, Nov-Dec 59, p 32)

Statistics of Social Security Benefits. During 1959, social security benefits and pensions paid by state amounted to 945,810,560 leks, or 25.90 percent more than in 1958.

The number of people receiving pensions was 16,000 and the amount distributed 486,809,565 leks, or 32.93 percent more than in 1958. A total of 155,671,337 leks were spent for rest homes for workers, employees, and children, 27,500 of whom spent their vacations in rest homes (that is, 60 percent more than in 1958). In addition, 165 million leks were dispensed in temporary disability benefits, 100 million leks were distributed to pregnant women, 10.5 million leks for special diet and night sanatoria [sic].

In 1960, 986 million leks (4.47 more than in 1959) will be spent in social security benefits (including those for disabled veterans and families of "martyrs"), and pensions will be 6.82 percent higher than in 1959. Some 51,200,000 leks will be spent for new rest homes on the Durrës and Vlorë beaches, and the Dajti and Theth mountains. (Bashkimi, 26 Dec 59, p 3)

Vacations. In 1959, 14,700 workers and employees spent their vacations in rest homes, and 12,800 youngsters in Pioneer camps - 60 percent more than in 1958. (Bashkimi, 25 Dec 59, p 1)

XI. FOREIGN ECONOMIC RELATIONS.

A. Foreign Trade.

a. Trade Agreements.

Trade Agreement with Poland. As a result of negotiations between Albania and Poland held in Tirana, a trade agreement was signed on 3 December 1959 covering the exchange of products, and payments for 1960. Under its terms, Albania will export to Poland chromium ore, bitumen, copper ore, tobacco, sardines, etc. Poland will export to Albania machinery and industrial equipment, coke, chemicals, textiles, etc.

The agreement was signed by Kleo BEZHANI, director of "Albimport", for Albania, and by Cesllav VOJTANOVIC, deputy director of the planning department of the Ministry of Foreign Trade, for Poland. (Zeri i Popullit, 4 Dec 59, p 4)

Trade Agreement with Czechoslovakia. An agreement on the exchange of goods between Albania and Czechoslovakia was signed in Tirana on 13 December 1959 by Deputy Minister of Trade Niazi DEMI for Albania and Deputy Minister of Foreign Trade Jeroslav KOHOU for Czechoslovakia.

The agreement creates conditions for greater development of economic relations between the two countries and provides an increase of 15 percent in the exchange of goods (as compared with 1959).

The agreement specifies that Albania will export to Czechoslovakia mainly iron and nickel ores, chromium ore, blister copper, bitumen, tobacco, and certain agricultural products /not specified/. Czechoslovakia will export to Albania machinery and machinery equipment, trucks, tractors, paper, and various consumer goods.

An agreement on transportation was also signed by the two parties. Under its terms, transportation of goods exchanged will be handled by the Albanian merchant marine [country or countries of transit not specified]. (Zeri i Popullit, 15 Dec 59, p 1)

Trade Agreement with Rumania. A trade and payments agreement between Albania and Rumania was signed in Tirana on 19 December 1959 by Deputy Minister of Trade Niazî DEMI for Albania and by the general secretary of the Ministry of Trade, Nikolac ANGHEL, for Rumania.

The agreement provides that both countries must take all necessary measures to develop and strengthen trade exchanges. Under its terms the exchange of goods in 1960 will be 96 percent higher than in 1959.

Albania will export to Rumania chromium ore, copper, bitumen, cotton, leather and other products, while Rumania will export to Albania machinery and machine equipment, fuel, cement, and various other products [not specified]. (Zeri i Popullit, 22 Dec 59, p 4)

Trade Contract with Greece. A general contract for exchange of goods worth 3 million dollars during 1960 was signed in Tirana between representatives of "Exportal" and "Albimport" for Albania and the Greek firm "Transtecom". (Bashkimi, 29 Dec 59, p 4)

b. Import, Export and Credit.

Change in structure of Foreign Trade. As a result of the industrialization of Albania, the structure of foreign trade has changed. Before the Liberation, 70 percent of all exports were agricultural raw materials and agricultural products. Now the products exported are mineral products (60 percent), industrial articles (20 percent), and semi-industrial [sic] articles (20 percent).

A similar change has occurred in imports. Before the Liberation, Albania imported consumer goods. Now, machinery, industrial equipment and spare parts, and various semi-manufactured articles constitute the bulk of imports. (Ekonomia Popullore, No. 6, Nov-Dec 59, p 62)

Exports. In 1959, exports rose 32.4 percent over 1958. The 1960 export plan will be increased by 33.5 percent. As a result of Albanian economic growth and the development of mining and light industry, the structure of exports has changed. Mineral ores and petroleum constitute the core of exports. Importation of goods and industrial equipment from the Soviet Union and friendly countries has aided fulfillment of the 1959 plan. (Bashkimi, 26 Dec 59, p 3)

Trade with Socialist Countries. The volume of foreign trade turnover with the socialist camp was as follows, as compared with 1950 :

in 1953	178.7 percent
in 1955	208.5 "
in 1956	203.4 "
in 1957	288.6 "
in 1958	375.4 "

In 1950, 1955, and 1958 the foreign trade turnover was as follows :

	1950	1955	1958
Total Amount	1,427	2,791	5,391
1) Exportation	324	650	1,461
2) Importation	1,103	2,141	3,930

Trade with the Soviet Union. The major part of Albanian foreign trade is with the Soviet Union. In 1958, the general volume of foreign trade turnover amounted to 5,390.8 million leks, of which trade with the Soviet Union accounted for 2,917.4 million leks, or 54.1 percent of all foreign trade.

In 1958, Albanian exports to Soviet Union accounted for 46.7 percent and imports for 56.9 of all exports and imports. This means that near half of the exports and more than half of the imports were made to and from the Soviet Union. The remaining trade was with the People's Democracies and capitalist countries.

From the Soviet Union, Albania imports machinery and goods needed for the development of its economy and its people's welfare, such as machinery and equipment for the oil industry, geological and other branches of the national economy, heavy machinery for construction (excavators, bulldozers, scrapers, heavy-duty cranes), agricultural tractors, trucks, etc.; 90 percent of the machinery and equipment for oil industry, around 90 percent of the trucks, 65 percent of the agricultural machinery, and 82 percent of the tractors are imported from the Soviet Union.

Albania also imports from the Soviet Union selected seeds, chemical fertilizers, insecticides, purebred stock, etc.

During 1958, Albania imported from the Soviet Union 358 tractors, 60 ploughing tractors, 150 cultivators, 160 disc ploughs, 291 sowing machines, 63 autocombines, 300 fodder machines, 15,534 tons of chemical fertilizer, 1,272 purebred sheep, 776 head of cattle, 66 tons of seeds, and 2,726,000 various saplings.

Credits from the USSR. Soviet credits helped the fulfillment of the Second Five-Year Plan. On November 1957, the Soviet Union granted a credit of 31 million rubles for purchase of foodstuffs, which made possible the abolition of the ration system in Albania. A loan of 160 million rubles was made by the Soviet Union for the financing of the Second Five-Year Plan.

Another loan of 35 million rubles was granted for the purchase of machinery and equipment for the oil industry. This loan will be used in 1960 (part of it was already used in 1959). In 1958 and 1959, the Soviet Union granted Albania long-term credits in a total amount of 526 million rubles. (Ekonomia Popullore, No. 6, Nov-Dec. 59, pp 13-21)

B. CEMA

A delegation headed by Abdyl KELLEZI, Deputy Prime Minister, left for Bulgaria to participate in the twelfth meeting of the Council of Economic Mutual Assistance. (Zeri i Popullit, 8 Dec 59, p 1)

Meeting of CEMA Council. The Economic Council of CEMA met in Sofia from 10 - 14 December. The Council stressed that

mutual assistance and economic cooperation among members is growing. It also approved the CEMA charter and by-laws dealing with rights, privileges and immunity for Council members.

In a communique, the Council approved the practice of close cooperation among socialist countries based on equal rights, respect of national interests, and the principle of mutual and fraternal assistance. The communique stressed the readiness of CEMA members to develop economic relations with all countries independently of their social or political structure, relations based on equality, mutual interest, and non-interference in domestic affairs. The communique added that the door was open to any European country who accepts the principles of the Council and the CEMA charter. (Zeri i Popullit, 17 Dec 59, pp 1-4)

Albania and CEMA. Zeri i Popullit stresses the importance of CEMA and finds itself in complete agreement with the decisions and charter of the Council.

More than any other member, Albania values the advantages resulting from close cooperation among CEMA members.

The Albanian people approve the goals and principles of the charter. CEMA decided that Albania, Bulgaria, Hungary, and Rumania, taking advantage of the favorable climatic conditions, should increase fruit and vegetable production. (Zeri i Popullit, 18 Dec 59, p 4)

C. Technical Assistance.

Soviet Assistance. Soviet technicians have trained Albanians in the rational use and exploitation of machinery and equipment, introduced progressive methods in production and in the processing of raw materials, and assisted them in geological research and exploration.

The Soviet Union will give its assistance in the fulfillment of the Third Five-Year Plan, and will help Albania to build up its chemical industry and non-ferrous metallurgy. (Ekonomia Popullore, No. 6, Nov-Dec 59, pp 2021)

The Soviet Union has supplied the Albanian oil industry with 90 percent of its machinery and equipment. Through Soviet technical assistance, new branches of industry have been created, such as the electric, textile, lumber, sugar,

and machine industries. The USSR has helped in the reconstruction of industrial enterprises, and supplies bulldozers, excavators, scrapers, etc. for land reclamation and irrigation, as well as the machines needed for the mechanization of agriculture. (Ekonomia Popullore, No. 6, Nov-Dec 59, p 13)

XI. MILITARY INFORMATION

A. Armed Forces.

National Defense Expenditures in 1960. The 1960 expenditures for national defense have been set at a sum 25 million leks under that for 1959. They constitute only 7.9 percent of the total amount of state expenditures, but are adequate to secure the defense of Albania. (Zeri i Popullit, 25 Dec 59, p 2)

1960 National Defense Budget. The 1960 budget for national defense has been set at 2,100 million leks. (Bashkimi, 26 Dec 59, p 1)

Specific Weight of Defense Expenditures. The Albanian national defense budget is a peace budget. This is shown by the light specific weight of funds allocated to the country's defense.

During the first four years of the Second Five-Year Plan, the specific weight of defense expenditures in the total budget was as follows (in percentages) :

<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
10.9	9.7	8.9	7.9

(Ekonomia Popullore, No. 6, Nov-Dec 59, p 48)

Ratio of Defense Expenditures to Economic Development. In 1938, 33.7 percent of the annual state budget was spent for its armed forces and only 8 percent for economic development.

In 1959, only 7.9 percent of the state budget was allocated for national defense and 61.9 percent for economic de-

velopment. (Zeri i Popullit, 4 Dec 59, p 3)

B. Army Activities and Personalities.

On the occasion of the creation of the People's Army of Vietnam, the [Albanian] Ministry of National Defense organized a solemn meeting in the Theater of the Brigades in Tirana. A telegram of congratulations was sent to the Defense Minister of Vietnam on this occasion. (Bashkimi, 22 Dec 59, p 1)

PANARITI, Dhori, Col., speaking at the National Conference for the Development of Culture in Rural Areas on 16 December 1959, stressed the army's contribution to the drive. He pointed out that army personnel, in confederation with Party organs, have organized conferences and given lectures in the northern part of Albania which were attended by 4,000 persons.

Certain army sections have sent servicemen and officers to help build cultural centers in rural areas. Army crews of doctors, nurses, and veterinarians will also be sent to organize sanitary centers in rural areas. (Bashkimi, 17 Dec 59, p 3)

On 29 November 1959, to mark the 15th anniversary of Liberation, a military parade took place in Tirana under the orders of Major General HASKO, Arif, who presented the force to Col. Gen. BALLUKU, Begir, Defense Minister. Later BALLUKU, accompanied by HASKO, saluted the army and made a speech. The parade was opened by officers and cadets of the "Enver United Cadet School", followed by infantrymen, border guards, marines, and motorized forces. Jet airplanes participated. (Sporti Popullor, 2 Dec 59, p 1)

PERLLAKE, Rahman, Maj. Gen., spoke at the Fourth Session of the People's Assembly and stressed the fact that the national defense budget constitutes only 7.9 percent of the state budget. Funds allocated to the army, he said, are sufficient to maintain the army, its equipment and its training program in good condition. (Zeri i Popullit, 26 Dec 59, p 4)

PECI, Shefqet, Maj. Gen., wrote a book, published recently, entitled : Recollections and Documents of the National Liberation War. The book, 250 pages in length, contains photographs and facsimiles of various documents. (Zeri i Popullit, 12 Dec 59, p 3)

C. Security Police.

The Presidium of the People's Assembly enacted a decree (No. 2960, dated 14 September 1959) ordering that the People's Police become part of the Ministry of Internal Affairs and go under its control.

The People's Police, in carrying out the duties set forth in paragraphs 12 and 13 of Decree No 1893, dated 5 July 1954 /not explained/, are also accountable to the executive and governing bodies of the People's Councils. (Gazeta Zyrtare, No. 8, 31 Oct 59, p 345)

D. Paramilitary Activities.

On 19 December 1959, the General Council of SHNUM met in Tirana, reported on tasks accomplished during 1959, and set forth duties for 1960.

During 1959, 21,490 new members were added to SHNUM ranks. (Sporti Popullor, 23 Dec 59, p 1)

During 1959, 6,861 SHNUM members were trained in paramilitary activities. The activity of radio amateurs was improved, the speed of radio transmissions has increased, 516 members were registered in motor vehicle and motorcycle sections. Thousands of SHNUM members participated in excursions, marches, and sport activities.

The General Council of SHNUM, meeting in Tirana on 19 December 1959, set forth new goals for 1960. Practical measures and duties were established to increase the activity of the Society and, consequently, the defensive power of the country. (Zeri i Popullit, 20 Dec 59, p 1)

ILLUSTRATIONS.

- 1.- Face view of Liri BELISHOVA, member of CP CC Politburo and secretary of the Party CC, speaking to the National Meeting for the Development of Culture in Rural Areas. Zeri i Popullit, 16 Dec 59, p 1.
- 2.- Face view of Enver HOXHA, First Secretary of the Party CC, speaking to the National Meeting for the Development of Culture in Rural Areas. Zeri i Popullit, 18 Dec 59, p 1
- 3.- Face view of Robert NDRENIKA, student, working at lathe in the "Enver" Works. (Tirana) Zeri i Rinise, 26 Dec 59, p 6
- 4.- Face view of Manush MYFTIU, member of the Party CC Politburo, First Deputy Premier of the Council of Ministers and Minister of Education and Culture, speaking at the meeting held on the occasion of the 50th anniversary of the foundation of the Teacher's School (Shkolla Normale) in Elbasan. Zeri i Popullit, 3 Dec 59, p 2.
- 5.- Outside view of the new Pēdiatric Hospital in Tirana. Zeri i Popullit, Dec 59, p
- 6.- Outside view of the Food Combine under construction in Tirana. Zeri i Popullit, 6 Dec 59, p 1.
- 7.- Sketch of the Meat Combine in Tirana. Zeri i Popullit, 10 Dec 59, p 1.
- 8.- Profile view of Lt. Gen. Kadri AZBIU, Minister of Internal Affairs, working as a bricklayer on the construction of the Ministry of Internal Affairs building in Tirana. Zeri i Popullit, 20 Dec 59, p 2.
- 9.--Face view of Koco THEODHOS, Deputy Premier and Chief of the State Planning Commission, speaking during the Fourth Session of the People's Assembly. Zeri i Popullit, 25 Dec 59, p 1.
- 10- View of machinery for manufacturing silk cloth (in Shkoder) Zeri i Popullit, 27 Dec 59, p 3.
- 11- Outside view of new housing unit on Kongres i Permetit Street, Tirana. Zeri i Popullit, 31 Dec 59, p 1.

- 12.- Panoramic view of the dam at the "Karl Marx" Hydro-electric Power Station. Miqesija, Tirana, No. 11, Nov 59, p 6.
- 13.- General view of the Cernik Petroleum Refinery. Miqesija, Tirana, No. 11, Nov 59, p 6.
- 14.- View of the Partisans' Parade held in Tirana on the occasion of the 15th anniversary of Liberation. Miqesija, Tirana, No. 12, Dec 59, p 2.
- 15.- View of the Marines' parading. Miqesija, Tirana, No 12, Dec 59, p 2.
- 16.- View of the parade of tanks. Miqesija, Tirana, No 12, Dec 59, p 2.

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